## Gansler Directs Pilot Authority for Commercial Services, Beginning Immediately

THE UNDER SECRETARY OF DEFENSE 3010 DEFENSE PENTAGON WASHINGTON, D.C. 20301-3010



MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES

Section 814 of the National Defense Authorization Act for Fiscal Year 2000, P.L. 106-65, authorizes the Section 814 or the National Defense Authorization Act for Fiscal Year 2000, F.L. 106-65, authorization Act for Fiscal Year 2000, F.L. 106-SUBJECT: Pilot Authority for Commercial Services Secretary or Derense to carry out a pilot program to treat procurements or commercial services as commercial items (attached). Further, it directs the Secretary to issue guidance to procurement of commercial items (attached). Further, it directs the Secretary to issue guidance to procurement of the commercial items (attached). commercial items (attached). Further, it directs the Secretary to issue guidance to procurement officials to execute such contracts. The following categories of services are covered by the pilot authority: 1) willities and execute such contracts. The following categories of services are covered by the pilot authority: 1) which is the pilot authority: 1) and is a service and a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and is a service are covered by the pilot authority: 1) and 1) are covered by the pilot authority: 1) and 1) are covered by the pilot authority: 1) and 1) are covered by the pilot authority: 1) and 1) are covered by the pilot authority: 1) and 1) are covered by the pilot authority: 1) are covered by the pilot authority are co execute such contracts. The following categories of services are covered by the pilot authority: 1) utilities and housekeeping services, 2) education and training services, and 3) medical services. Responsibility for the special and exercises are covered by the pilot authority: 1) utilities are covered by the pilot authority: 1) utilities are covered by the pilot authority are covered by the pilot

peration and oversight of this program has been delegated to my office.

In accordance with Section 814 of P.L. 106-65, each organization (Service or Agency) is requested to the accordance with Section 814 of P.L. 106-65, each organization (Service or Agency) is requested to the accordance with Section 814 of P.L. 106-65, each organization (Service or Agency) is requested to my office. In accordance with Section 814 of M.L. 106-65, each organization (Service of Agency) is requested to select and conduct candidate commercial item procurement pilot programs within the stated categories. operation and oversight of this program has been delegated to my office. Select and conduct candidate commercial item procurement pilot programs within the stated categories, including Particular emphasis should be placed on ensuring that negotiated prices for designated services, including prices pagetisted without competition and for any formal pagetists and procurement pilot programs within the stated categories. Particular emphasis should be placed on ensuring that negotiated prices for designated services, including prices negotiated without competition, are fair and reasonable. Each organization should ensure that a single prices negotiated without competition, are fair and reasonable. prices negoriated without competition, are fair and reasonable. Each organization should ensure that a single item manager or contracting officer is responsible for entering into all contracts from a single contractor for

mmercial services.

The pilot authority shall commence immediately and extend through the end of Fiscal Year 2003. My office the pilot authority shall commence immediately and extend through the end of Fiscal Year 2003. My office the pilot authority shall commence immediately and extend through the requirements of the pilot authority shall commence within an day's thereofter in accordance with the requirements of the pilot authority of the pilot authority shall commence within an day's thereofter in accordance with the requirements of the pilot authority shall commence within an day's thereofter in accordance with the requirements of the pilot authority shall commence immediately and extend through the end of Fiscal Year 2003. Ine pilot authority shall commence immediately and extend through the end of Fiscal Year 2003. Will submit a report to Congress within 90 days thereafter in accordance with the requirements of the progress in a support of this cook participating arguments about a support of this cook participating arguments. will submit a report to Congress within 90 days thereafter in accordance with the requirements of the impact of program. In support of this, each participating organization should submit a separate report on the impact of the relationship of the program. program. In support or this, each participating organization should submit a separate report on the impact their pilot program(s), due to my office no later than 60 days after termination of the pilot authority period. Their pilot program(s), due to my office no later than ou days after termination of the pilot authority per Each organization's report should address the impact on prices paid under contracts for commercial Each organization's report should address the impact on prices paid under the pilot program and the contract of the particle program the gradient and timeliness of the particle program the gradient and timeliness of the particle program that the pilot program the gradient program that the pilot program that Each organization's report should address the impact on prices paid under contracts for commercial services, the quality and timeliness of the services provided under the pilot program contracts, and the extent services, the quality and timeliness of the services provided under the pilot program contracts. commercial services. services, the quality and timeliness of the services provided under the pilot program contracts, and the services, the quality and timeliness of the services provided under the pilot program contracts, and the services, the quality and timeliness of the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services to which contracts and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts, and the services provided under the pilot program contracts.

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As I stated in my April 5, 2000, policy memorandum on Performance Based Service Acquisitions

AS Services are becoming an increasingly cignificant component of what the December 1985. to which competition was maintained. The herid mornation used to a should be collected and analyzed in accordance with existing policies.

As I stated in my April 5, Zuuu, policy memorandum on Performance Based Service Acquisitions (PBSAs), services are becoming an increasingly significant component of what the Department buys, and (PBDAS), services are pecoming an increasingly significant component of what the Department buys, and we must ensure that we acquire them effectively and efficiently. The new PBSA policy requires that in order to maximize performance innovations and competition offen at letter cost a minimum of FO performance innovations and competition offen at letter cost a minimum of FO performance innovations and competition of the performance innovations are performance innovations. we must ensure that we acquire them effectively and efficiently. The new PBSA policy requires that in order to maximize performance, innovations, and competition, often at lower cost, a minimum of 50 percent of all to maximize performance, innovations, and competition, often at lower cost, a minimum of 50 percent of all the performance based by 2005. This silet process to a service acquire the performance based by 2005. to maximize performance, innovations, and competition, often at lower cost, a minimum of 50 percent of service acquisitions must be performance-based by 2005. This pilot program represents an important service acquisitions must be performance-based by 2005. This pilot program represents an important service acquisitions must be performance-based by 2005. service acquisitions must be performance-based by 2005. This pilot program represents an important opportunity and is a natural complement to the PBSA policy. As such, I strongly urge your participation. portunity and is a natural complement to the PBSA policy. As such, I strongly urge your participation.

Request the names of the selected pilot programs and overall points of contact be provided to Mr. Craig Request the names of the selected pilot programs and overall points of contact be provided to Curtis, Office of the Deputy Under Secretary of Defense (Acquisition Reform), (703) 697-6399,

curtisc@acq.osd.mil.

Attachment As stated

DUSD (Installations) Dir, Defense Procurement Dir, Acquisition Resources and Analysis Dir, Washington Headquarters Services Dir, Defense Contract Management Agency Dep GC (A&L)

Editor's Note: This information is in the public domain. To download the attachment to Dr. Gansler's memorandum, go to the Defense Acquisition Reform Web site at www.acq.osd.mil/ar/#sat1.